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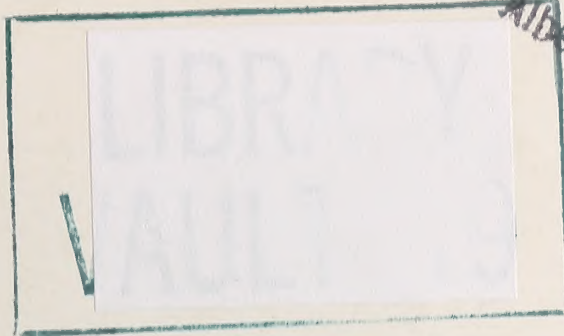
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ANNUAL

REPORT OF THE
PROVINCIAL MARKETING BOARD

Alberta

GOVERNMENT OF THE PROVINCE OF ALBERTA
DEPARTMENT OF
INDUSTRIES AND
LABOUR

1957



This Report covers the operations of the Provincial Marketing Board and its subsidiaries, Marketing Services Limited and Prairie Woollen Mills Limited for the year ended December 31st, 1957.

The original was delivered to the Honourable the Minister of Industries and Labour for submission to the Lieutenant Governor in Council.

The report, and balance sheet prepared by the Provincial Auditor, was laid on the table of the Legislative Assembly of the Fourth Session of the Thirteenth Legislature on March 27th, A.D. 1958.



NINETEENTH ANNUAL REPORT

OF

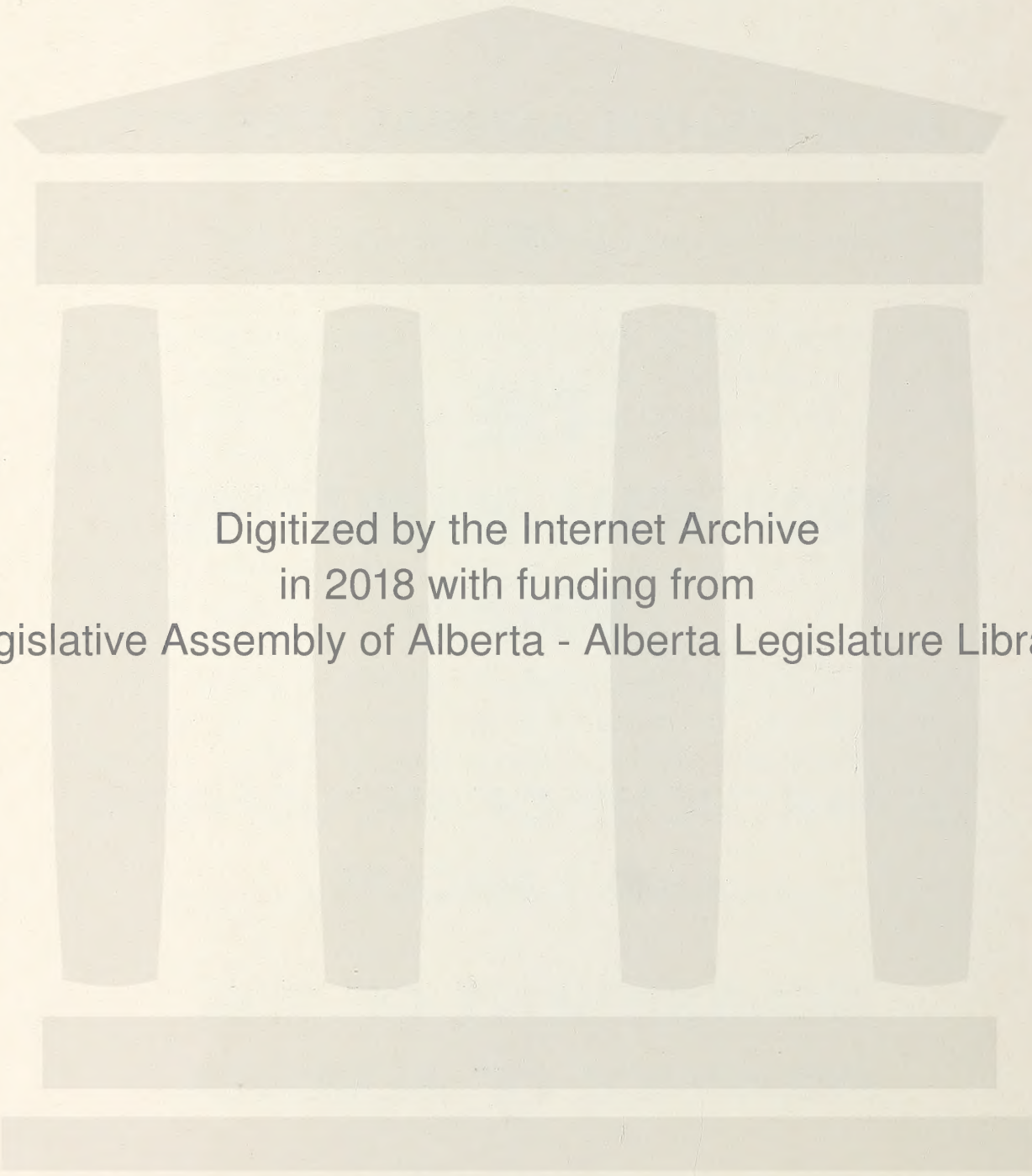
**THE
PROVINCIAL MARKETING
BOARD**

DEPARTMENT OF INDUSTRIES
AND LABOUR

GOVERNMENT OF THE
PROVINCE OF ALBERTA

— 1957 —

Submitted by
CHARLES R. PEARCE
Chairman



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EXTRACT
FROM
THE ALBERTA MARKETING ACT
(1939, C3, sl)

REVISED STATUTES OF ALBERTA 1955

VOLUME 111, CHAPTER 191

An Act respecting the Marketing of Natural
Products and other Commodities and to pro-
vide for the regulation thereof within the
Province.

THE PROVINCIAL MARKETING BOARD

(1). "For the purpose of providing producers, manufacturers, distributors and consumers in the Province with the means of buying and selling goods, wares, merchandise and natural products at a price which is fair and equitable, the Lieutenant Governor in Council may constitute a Board to be known as 'The Provincial Marketing Board', which shall be a body corporate and shall be empowered to buy and sell and deal in any goods, wares, merchandise and natural products, or any of them whatsoever, either by wholesale or by retail, or both by wholesale and retail, and to act as a broker, factor or agent for any person in the acquisition or disposition of any goods, wares, merchandise or natural products, and for the purpose to do and transact all acts and things which a natural person engaged in a general mercantile business has the capacity or the power to transact.

(2). "With the approval of the Lieutenant Governor in Council the Provincial Marketing Board is empowered to engage in any or all of the following businesses, namely, manufacturing, producing, processing, handling or distributing of any goods, wares, merchandise or natural products, and incidentally thereto, to acquire by purchase or otherwise, any land or any other property required by the Provincial Board for the purpose of or incidental to any such business and to do and to transact all acts and things which a natural person engaged in any such business has the capacity or power to transact, including the borrowing of money for any of the aforesaid purposes."

THE PROVINCIAL MARKETING BOARD

DEPARTMENT OF INDUSTRIES AND LABOUR

GOVERNMENT OF THE PROVINCE OF ALBERTA

Edmonton, Alberta,
December 31st, 1957.

To:

Honourable R. Reiersen,
Minister,
Department of Industries and Labour.

Sir:

It is my privilege to submit herewith the Nineteenth Annual Report of the Provincial Marketing Board for the year ending December 31st, 1957, together with Financial Report of Marketing Services Limited (a wholly owned subsidiary of the Provincial Marketing Board) for the year ended December 31st, 1957.

The Financial Report referred to above has been prepared and audited by direction of the Provincial Auditor.

THE PROVINCIAL MARKETING BOARD

POLICY OF THE BOARD

1. To promote the development of Alberta by encouraging and assisting industrial enterprises utilizing the natural products of Alberta and employing Alberta personnel.
2. To assist manufacturing industries by mass purchasing of raw materials.
3. When necessary, to sponsor, manage and operate industries within Alberta for the utilization of our natural resources and the employment of Alberta personnel.
4. To encourage and assist in the distribution of the products of Alberta and by direct contact to publicize the merits of Alberta Made Goods.

SCOPE OF REPORT

Reflecting the range of the activities and responsibilities of the Provincial Marketing Board, this report is sectionalized as follows:

- A. Buying Policies and Method of Operation.
- B. Activities relating to Production and Assistance.
- C. Selling and Promotional Activities.
- D. Trading Activities.

A. Buying Policies and Method of Operation of the Board

In keeping with its primary objectives, the Board is guided in its buying policies by the requirements of the Alberta industries which it serves, and as a result the most influential factors bearing on this policy are:

- I. Effect savings in price by mass buying.
- II. Save transportation costs through buying in carload lots or combining shipments.
- III. Buy during seasonal 'peaks' when price and/or quality are most inviting.
- IV. Assure continuity of supply through buying in keeping with market trends.
- V. Keep abreast of all products developments in order that only the most suitable materials may be purchased for manufacture.
- VI. Take full advantage of all discounts by prompt payment in full within the discount period.

All benefits resulting from the buying policies followed by the Board are passed on to the industries in whose behalf the inventory is procured. The benefits to such industries very often make the difference of assuring success where otherwise failure was imminent. In a number of cases businesses commenced operations in the Province owning a building or having one under Lease, having machinery and equipment fully paid for or under partial Lien, and having sufficient working capital to carry them through a period of ninety to one hundred and twenty days when the first returns from sales are due.

In a great number of cases such companies suffer a crippling disadvantage through their inability to finance inventories of raw materials in quantities large enough to qualify for volume discounts. Many cannot pay for raw materials in time to earn cash discounts and still others find it impossible to even meet the terms of the suppliers of their raw materials. Industries in Alberta so hampered by problems involving raw materials inventory may apply to the Provincial Marketing Board for assistance, and in making an approach to the Board they enjoy sympathetic reception from a branch of the Alberta Government possessed of the knowledge and experience necessary for a full appreciation of these common problems and having readily available funds and all other facilities necessary for their immediate solution.

The Board is justly proud of its ability to render aid to industry swiftly and advantageously, but it is at the same time equally proud of its highly efficient, proven methods of ensuring that aid is rendered where it is merited and under conditions bearing a minimum risk to the public funds involved. The Board's current *modus operandi* has evolved from its vast and varied experience in dealing with business ventures in every field of industrial endeavour thus rendering it capable of combining fast action with meticulous care. When the Board enters into an assistance agreement with a client it does so after having become thoroughly convinced that the client, the province, industry in general, and Albertans and the general public at large, will benefit from its action.

During an applicant's first interview with a Member or Officer of the Board, all pertinent information is drawn from the enquirer and a copy of the most recent audited financial statement is secured and checked and later studied by the Board. When the applicant is an operating concern, an interim statement is also requested in order that the current position of the concern may be revealed. This study of the firm's financial structure and history is followed by a careful inspection of the plant, buildings and all equipment and a thorough examination of manufacturing methods and procedures. When it has been shown, to the satisfaction of the Board, that there exists a good demand for the product involved, and that the applicant has the potential for meeting this demand skilfully and reliably while utilizing natural resources of the Province and providing gainful employment for Alberta citizens, the assistance of the Provincial Marketing Board is almost assured.

A short but informative form of Application is completed by the enquirer and taken under careful study and serious consideration at a regular or special meeting of the Board. When the application proves in all respects to be of such a nature as to come within the sphere of normal Board aid, and when a decision has been made favourable to the application, the Board recommends the application to the Honourable the Minister of the Department of Industries and Labour for his approval. When an Application has received formal approval of the Minister, an Agreement is drawn and signed setting out all the terms and conditions under which the assistance will be rendered and an agreed upon sum of money is immediately made available for investment in the required materials inventory, such money being expended by the Crown Corporation, Marketing Services Limited, in accordance with requisitions from the Client Company.

Of special significance in the foregoing is the fact that neither the Provincial Marketing Board nor its subsidiary, Marketing Services Limited, lend any money to Applicants but rather purchases of materials are made by Marketing Services Limited as desired by the Client Company. When the materials so purchased arrive in the Client's locale they are stored by the Crown Corporation for the period of the Agreement, the Applicant paying the Crown Corporation for supplies of the materials as they are withdrawn for manufacture or fabrication.

The Client Company, receiving as it does all the advantages gained through the Board's buying policies, is perhaps most conscious of these benefits when withdrawals are made from the inventory. In brief, the Client Company may now purchase from the Crown Corporation its day-to-day requirements at the same price-per-unit as has been paid by the Crown Corporation in buying on a mass quantity basis. It is at this point as well that the client receives full benefit of all savings effected on transportation, cash discounts, rates of exchange, etc. Meanwhile, at no stage in the progress of an Agreement does an Applicant Company lose its freedom to discontinue its connection with the Crown Corporation without penalty or bonus by making full purchase of the balance of materials on hand. Neither the Provincial Marketing Board nor its trading company operate with any profit making motives, both being solely interested in the establishment and promotion of industry in Alberta for the production of 'Made in Alberta' merchandise and the increase in gainful employment opportunities for Alberta citizens.

In carrying out its policy of operation, the Board has purchased, through its Crown Corporation, Marketing Services Limited, quantities of Sheet Steel, Iron Castings, Steel Plate, Aluminum, Cement, Stoker Parts, Oxygen and Acetylene Cylinders, Steel Shapes, Tubing, Glycol, Lumber, Wire Mesh, Plastics, Skelp, Plywoods and other raw materials. These materials have been held in storage and released as required by the Client industries, which industries, though they may be relatively small, enjoy the same inventory advantages normally available only to much larger and stronger companies.

To assist the Board in selecting the best sources of supply and obtaining most timely delivery, advantage is taken of the knowledge of experienced buyers through the facilities of the Alberta Government Purchasing Agency.

It is possible for an industry to receive continuous assistance from the Board through a number of years, but when this is the case the assistance is invariably rendered through a succession of individual Agreements, each of which is gradually reduced in accordance with the growth of the industry with a view to rendering the Client Company self-supporting at as early a date as possible. The Board feels gratified when a new business has been elevated to this desirable level or when an established organization has been successfully helped through a difficult period.

Frequently of as great importance as material or financial aid is the advisory assistance offered to industry by the Board. Through the years the Members and Officers of the Board have amassed an extensive knowledge of markets and sources of supply, patents, sales and promotion methods, industrial employment conditions and the incorporation of companies when advantageous. They have also introduced many Albertans to the services available to them from other Departments of Government. The services offered by industrial and agricultural engineers in the Research Council of Alberta and the Department of Agriculture have been drawn to attention again and again, and pleasant surprise is frequently expressed by citizens who learn, through this Board, of services maintained by the Government for their benefit.

B. Activities Relating to Production and Assistance

1. Fabricating of laminated beams for industrial construction.
2. Glass and Aluminum Extrusions for domestic and industrial window construction.
3. Potato processing plant.
4. Cathodic prevention service.
5. Reinforced concrete underground sewer pipe.
6. Irrigation pumps and tubing.
7. Nail Making industry.
8. Oil Field storage tanks and accessories.
9. Oil Field supplies and equipment.
10. Oil Well controls and precision instruments.
11. Liquid Air Factory (Oxygen and Acetylene).
12. Manufacture of insulation wool.
13. Fabrication of interior panels, doors, etc., from mahogany plywood.
14. Manufacture of plastic hose and other forms of plastic extrusion.
15. Manufacture of steel culverts.
16. A Welding School specializing in pipe line welding.

The Board's best purpose has been accomplished when an industry has been assisted to a level of production and profit which places it above the need for further assistance from the Board, and the experience is that the Board is regularly so rewarded. Gratifying letters of testimony from Companies assisted by the Board, but no longer requiring assistance, repeatedly attest to the great value of Marketing Board aid in establishing and promoting the industry in the Province of Alberta.

C. Selling and Promotional Activities

The Provincial Marketing Board has always devoted great energy to encouraging the sale of Alberta products through personal contacts and by means of advertising as well. Enquiries are continually being received from various sections of Canada as well as from other countries concerning Alberta products and at all times everything possible is done to place these products in the best possible light.

General:

The Board is constantly in search of information which may give birth to and assist in the development of new ideas, bring new light on regulations governing the obtaining of patents, assist in pinpointing the most favourable locations for certain types of manufacturing or indicate the extent to which competition may already exist in any given field. All the factors mentioned may influence a decision for or against entering upon a projected course of action.

While dollar value of production and volume of sales are important factors in the eyes of the Board, these are not the only ones considered to be desirable, and the Board strives for increased employment opportunities proportionate to the growth of sales volume. In this connection one case which comes nearer to being the rule rather than the exception, may be cited. In 1953 this concern employed twenty-eight persons when it first received assistance from the Board and with the help of the Board, the same concern employed seventy-five persons in 1957. The list of now thriving industries which at some time or another received assistance from the Board is an imposing one, evidencing the fact that practical co-operation is possible, and indeed desirable, between Government and Industry.

Inventions and Patents:

The oft quoted statement that 'Necessity is the Mother of Invention' has been proven to be true in Alberta where the huge development has made many new products necessary and this necessity in turn has given birth to the invention of many unique and vitally important articles and pieces of equipment. Constant but by no means unwelcome visitors to the Board's offices are those ingenious individuals who have developed some new idea or gadget which they wish to patent and market with the aid of the Board. The boundless enthusiasm of most inventors is a quality unto itself making the task of discerning between the practical and the useless a difficult one. In the majority of cases the Board can only act in an advisory capacity but some of the ideas are investigated or referred

to specialists for opinions depending upon their basic nature and their potential value in industry. Through the help of the Board, Inventors are on occasion spared the unnecessary expense of further investigation when a specialist's report indicates the article in question is not favourable to production.

Miscellaneous:

Functioning in accordance with Order in Council Number 1173/57 the Board acts as Agent for all Departments of Government in the disposal of materials and equipment which have become surplus to the requirements of these Departments, and during the year 1957 the Board complied with a number of requests from various departments placing at their disposal, without cost, its valuable facilities and fullest co-operation. In such instances the Board pursues its policy of first contacting other Government Departments to explore every possibility of existing requirements within the Government for such equipment. When it is found that equipment or materials declared surplus by one Department is at the same time required by another Department, arrangements are made by the Board for the transfer of the items from one Department to the other. In this manner, benefit accrues to both Departments and the Government as a whole obtains further service from the same equipment without incurring new expense. When it is found that items declared surplus do not appear to be required by any Government Department, the Board may and does sell it to the general public employing any sales methods which will ensure adequate publicity and a fair opportunity for bidding by interested parties. During 1957 the Board in this way disposed of bridge trusses, scrap steel, agricultural implements, fire fighting equipment, a tractor, a stock of surplus repair parts, a motor grader and many other similar items.

Sale of Motor Vehicles:

The Board continued during 1957 to operate as Agent, for all Government Departments, in the sale of used Motor Vehicles, passenger cars, trucks and mechanical equipment, such as bulldozers, caterpillar tractors and many other items of equipment no longer of use to the Government. Advertisements invite the general public to bid for vehicles by sealed Tenders. As a result of such sales during 1957 one hundred and fifty-two motor vehicles were sold for a total of \$94,136.63. Sales of other Government surplus materials and equipment during the year amounted to \$12,281.96.

Conclusion:

The preceding paragraphs illustrate to some extent the practical application of The Alberta Marketing Act to Alberta business. There does not appear to be any other Province in Canada having legislation in force to extend a comparable service to its citizens and the work being carried on in this field in Alberta has created wide interest, bringing enquiries from as far away as Western Germany. The information given here, however, cannot possibly outline fully the myriad incidental functions performed as rank and file services of the Board to industry.

D. Trading Activities

All trading activities during the year 1957 were conducted by the Board's wholly owned subsidiary, Marketing Services Limited. The Provincial Auditor's reports and financial statements covering these activities are submitted with this report. Marketing Services Limited is a wholly owned subsidiary of the Provincial Marketing Board and operates the Trading Accounts, as referred to in the Auditor's Statement for 1957, attention being drawn to the following points of interest: After provision of Reserve for Bad Debts and Stock Obsolescence, a net profit was realized, as shown by the Auditor's Statement. It should be noted that this Corporation, as a trading activity, is required, before net profits are determined, to pay from its operational earnings all salaries, interest on borrowed capital and all other expenses incurred in its operation.

GENERAL REVIEW AND FORECAST

During the year 1957 economic activity in the Province more than matched that of the recognizable boom year of 1956. The gross value of products manufactured in Alberta during 1957 amounted to \$752 million which was \$50 million higher than the 1956 figure the increase being mainly attributable to the first full year of production of major new plants, which plants have a value close to \$70 million. It may also be noted that in addition to the new plant construction referred to, \$13 million worth of expansion programs in manufacturing plants were completed during 1957 and further that plans have been announced for expansion programs for 1958 exceeding \$25 million in total.

Due in part to uncertainties of markets, oil well drilling fell off sharply during 1957, the fall-off being also due, to some extent, to the fact that drilling is now being done in relatively inaccessible areas and also to the fact that an unusually mild Fall retarded Winter drilling programs where anticipated freeze-up in Muskeg and Foothills regions did not occur. Although the volume of production of crude oil declined during the year higher prices raised the value to approximately \$6 million above the 1956 figure. Notable increases have been made in the production of Propane, Butane and Sulphur and Natural Gas production for export, and local consumption showed an increase of 30 million MCF.

Inasmuch as the volume demand for Board assistance is highly sensitive to trends such as the foregoing, the Marketing Board keeps its fingers on the industrial pulse of the Province and plays a useful part whenever it is called upon to assist new or struggling industries within Alberta. Even greater industrial development is envisioned on the horizons ahead and the Board is prepared to play a significant role in this development picture.

In closing, may I express to you, Sir, on behalf of the Provincial Marketing Board, our sincere appreciation of your interest and counsel, and to your Deputy Minister and other Officials of this Department our thanks for their unfailing courtesy and assistance.

To Officials of many other Departments of Government we extend our thanks for their co-operation.

Respectfully submitted,
Charles R. Pearce, Chairman,
Provincial Marketing Board.

GOVERNMENT OF
THE PROVINCE OF ALBERTA

DEPARTMENT OF INDUSTRIES AND LABOUR

Honourable Raymond Reiersen, Minister

J. E. Oberholtzer
Deputy Minister

PROVINCIAL MARKETING BOARD

Charles R. Pearce, Chairman

John R. Fleming, Member

Willard S. McKenzie, Member

Surplus
Government
Equipment

Industrial
Assistance

Promotion
Made-in-Alberta
Products

Advisory
Committee
Government
Purchasing Agency

CROWN CORPORATIONS

Marketing
Services Limited

Prairie Woollen
Mills Limited
(Dissolved April 29, 1957)

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Edmonton, Alberta.

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